



Managing Water Risk in Your Supply Chain

Overview

As water scarcity, security and pollution intensify this presents an increasing risk to business and their supply chains. This session takes a look at the key issues and how collaboration helps businesses to manage future water risks.

Speakers:

Moderator: Stuart Harker, Managing Director BEPI - FTA

- **Adrian Sym**, CEO – Alliance Water Stewardship
- **Mauro Scalia**, Manager of Sustainable Businesses - Euratex (The European Apparel and Textile Confederation)
- **Sergiy Moroz**, Policy Director - European Water Partnership
- **Stuart Harker**, Managing Director BEPI - FTA

Session Highlights

[Euratex]

- Water management is more difficult in SMEs than in large enterprises though 99% of companies in the clothing business in Europe are SMEs
- There are 150,000 SMEs in the clothing business in Europe with less than nine employees; 86% of the total number of SMEs
- Water quality is highly regulated at all levels of government throughout Europe

[European Water Partnership]

- Major water risks in the supply chain include droughts, shortages, poor quality water, bad regulation, loss of biodiversity and reputational risks
- These risks can lead to local communities turning against company providers and investments are then often withdrawn
- Scientifically speaking, only 42% of rivers, lakes and groundwater in Europe is in good status and only another 10% will likely be improved in the near-term
- According to the World Bank, the long-term impact of water scarcity could lead to a 6% fall in global GDP

- Business as usual approaches must change in Europe and worldwide
- At EU level, there is ambitious legislation that calls on 300 billion Euros of investment across 28 EU member states over the coming six years

[Alliance Water Stewardship]

- Companies face context-specific risks in relation to particular sites
- Specific risks and ways to mitigate them differ such as how to find an alternative to using hazardous chemicals
- The risks still tend to arise from similar social and hydrologic issues
- Raising awareness on water management should entail connecting political leaders to SMEs

[European Water Partnership]

- The world has woken up to water risks by starting to seriously assess impacts
- It is critical to work with others on multiple issues
- Using standards can help companies identify risks such as aligning to specific legislation
- Standards can also help by providing ways for verifying compliance by a third party
- Using resources such as water risk filter is also helpful to map the risk and see what other factories and even stakeholders are in the area
- Water footprint assessment for identifying risks in the supply chain shows the link between consumption and production such as the extent of water used for producing textiles or food

[Alliance Water Stewardship]

- To understand water risks, first gain a general understanding
- The next step is to know what is going on in a particular factory or site
- Understand regulation, politics and stakeholders
- Ultimately what is needed is behavioural change in how we value water and use it

[Euratex]

- There are low costs of using water but this fails to account for how much is used on maintenance and if it is replaced by an alternative what other costs arise such as energy use

[European Water Partnership]

- Water stewardship is about risks to business and not only CSR
- The business case and economic benefits go beyond water pricing and savings to address the risks posed to operations and stakeholders

[Alliance Water Stewardship]

- Business and stakeholder engagement can lead to diverse and holistic perspectives as water management has to be viewed in the larger context
- It is about scarcity but also about jobs and shared values
- Dealing with the risks through collaborative action should reinforce company objectives

[Euratex]

- The range of information in the supply chain on what product is being sold, what it is made of and where it comes from continues to expand

- For companies, this vital information informs decision-making in much more immediate ways than regulatory developments
- YouTube and other social media are increasingly influencing change and even contributing to behavioural change

[Alliance Water Stewardship]

- Increasingly it is also key to utilize social media and be able to examine the impacts when products are sourced with traceable labels and bar codes
- Getting information into the public domain should be encouraged alongside seeking communities' and young peoples' involvement in understanding and dealing with the issues

[FTA/BEPI]

- To support FTA members with water risks in the supply chain, BEPI uses a holistic approach, and a management system that builds on the results of a producer's self-assessment
- BEPI assesses key issues on suppliers for members to focus on such as impacts of water and how to monitor steps towards improving the situation
- BEPI is currently focused on chemicals and is expanding its scope to include high-risk producer groups
- To support FTA members on critical issues such as water management, BEPI acknowledges the contributions of experts in the field and draws on members' own insights
- BEPI is not trying to reinvent the wheel but instead it is putting into practice its principles, which includes sustainable water use in the supply chain

Quotes

“Water risks are all shared”: **Sergiy Moroz**, Policy Director - European Water Partnership